

No. VIII.

P A P E R S

RESPECTING THE

N E G O C I A T I O N

FOR A RENEWAL OF THE

East-India Company's Exclusive Trade.

CONTAINING,

Letter from the Right Honourable HENRY DUNDAS
to the CHAIRMAN, dated 18th April, 1793.

AND

An Enclosure therein referred to.

PRINTED BY THE COURT OF DIRECTORS

FOR THE

INFORMATION OF THE PROPRIETORS.

P A P E R

Letter from the Right Honourable Henry Dundas to the Chairman, dated 18th April, 1793, and an English translation referred to.

THE G O C I A L I O N

I HAVE received your letter of yesterday's date, and after so much has already passed on the subject, it is unnecessary to trouble you at any length with a repetition of my former reasoning. I do not understand it to be your intention to bring forward any particulars you again state with a view of insisting upon them, and therefore I shall not proceed on the footing of my last letter. At the same time, I think it proper to mention to you, that in the progress of the business, I feel no material objection against the suggestion you make, I shall be very happy to find it in my power to acquiesce in them. I am, however, much not be understood to relate to what I have stated with regard to the participation with the Public; for on that point, I cannot in justice to the interest of the Public, depart from the reasoning of conclusions, I have formerly conveyed to you. With regard, however, to the explanation you desire to receive from me, I have no hesitation to state, that I never meant the participation of the Public to operate as a debt against the Company, either with regard to its dividends, or the payment of its creditors; but I did mean that the deficiency of one year should be made up from the exceeding of future years, in that of such exceeding going to the guarantee fund, to put it in figures. I shall suppose that the surplus of 1794, should be such as, after paying the dividend to the Proprietors, at the rate of 10 per cent, and after paying £500,000 in extinction of debts, only to yield £400,000 of participation to the Public; but that in 1795, the surplus should amount to £600,000, after paying the dividend of 10 per cent, to the Proprietors and the £500,000 to the creditors; in that case, the whole £600,000 of the surplus 1795, must go to the Public, in place of £400,000 of it going to the guarantee fund.

*Letter from the Right Honourable Henry Dundas to the Chairman, dated
18th April, 1793, and an Enclosure therein referred to.*

S I R,

I HAVE received your letter of yesterday's date, and after so much has already passed on the subject, it is unnecessary to trouble you at any length with a repetition of my former reasoning. I do not understand it to be your intention to bring forward any particulars you again state with a view of insisting upon them, and therefore I shall feel myself at liberty to proceed on the footing of my last letter. At the same time, I think it proper to mention to you, that if in the progress of the business, I feel no material objection against the suggestions you make, I shall be very happy to find it in my power to acquiesce in them. This, however, must not be understood to relate to what I have stated with regard to the participation with the Public; for on that point, I cannot in justice to the interest of the Public, depart from the reasoning or conclusions, I have formerly conveyed to you.

With regard, however, to the explanation you desire to receive from me, I have no hesitation to state, that I never meant the participation of the Public to operate as a debt against the Company, either with regard to its dividend, or the payment of its creditors; but I did mean that the deficiency of one year should be made up from the exceeding of future years; in bar of such exceeding going to the guarantee fund, to put it in figures. I shall suppose that the surplus of 1794, should be such as, after paying the dividend to the Proprietors, at the rate of 10 per cent. and after paying £.500,000 in extinction of debts, only to yield £.400,000 of participation to the Public; but that in 1795, the surplus should amount to £.600,000, after paying the dividend of 10 per cent. to the Proprietors and the £.500,000 to the creditors; in that case, the whole £.600,000 of the surplus 1795, must go to the Public, in place of £.100,000 of it going to the guarantee

fund, which it would do under the proposed appropriation, if the deficiency of the year 1794 had not happened.

I observe it has been doubted to what extent of capital I meant the guarantee to extend, whether to the nominal or real value of the capital. I never had any doubt upon that subject. I meant the real value of the capital at the rate it shall now be taken at in the proposed augmentation of it. If therefore the additional million of capital is taken at the value of two millions, the guarantee on the whole capital will extend to twelve millions.

As it has, in the course of the correspondence which has taken place, between the Court of Directors and me, been repeatedly stated, that the East-India Company have been hardly dealt with in the mode of participation now proposed, compared with that settled in 1781, I have caused a comparative account to be prepared, and I send a copy of it for your perusal.

It only remains for me to say, that I see no objection to the mode you have proposed for the arrangement of the Company's interest in their separate fund.

I have the honour to be,

Sir, your obedient servant,

Whitehall,

18th April, 1793.

Your most obedient humble servant,

HENRY DUNDAS.

BY the act of 1781, the Company were to divide the whole profit on the trade and revenues between themselves and the Public, and when they should be able to commence such division, they might add the surplus profits on 1st March, 1781, to their share, and begin an increase of dividend of 1 per cent. on their capital. By profits on the whole of the trade and revenues, must certainly be meant the surplus remaining, after providing for all expences at home and abroad, and consequently by this act the Company could not make any increase of dividend until the whole expences incurred by the war, which ended in 1784, as well as those of the late war, should have been provided for.

When

When that should be done, and the Company's affairs placed in as good a situation as they were supposed to be in 1781, the Company would be entitled to take a quarter of the annual surplus, and add it to the surplus profits on 1st March 1781, not exceeding £128,302 5; and from the total make a dividend of 1 per cent. per ann. in addition to the 6 per cent. which they were by law entitled to divide.

The account proceeded upon in the agreement of 1781, was probably the Report of the Committee of Proprietors, dated 10th December 1780, which made a balance in favour of the Company of £375,025 1

The last account of stock per computation, made to 1st March 1793, makes the balance against the Company 4,144,392

Difference £7,894,843

The Company's affairs therefore on this statement, should be improved to the amount of £7,894,843, before any increase of dividend could take place, which would be about six years, at £1,240,000 per annum, and then they could have only £1 per cent. the first year, 2 per cent. the next, 3 the next, 4 the next, and 4½ additional the next, when their participation would admit of no further increase.

Supposing therefore, that instead of making a new arrangement, the Act of 1781 was to be continued: the following is a comparison of the participation to be received by the Public and the Company, with what is now proposed.

By the Act of 1781, the Company were to divide the whole profit on the trade and revenues between themselves and the Public: and when the surplus profits on 1st March 1781, to their share and begin to divide of 1 per cent. on their capital. By the new arrangement, the whole of the trade and revenues, must certainly be means the five per cent. remaining after providing for all expenses at home and abroad, and consequently by this Act the Company could not make any increase of dividend until the whole expenses incurred by the war, which ended in 1784, as well as those of the late war, should have been provided for.

Comparison

Comparison of the Act of 1781, and present Plan.

Act of 1781.

PRESENT PLAN.

	Dividend.	Public.	Remains.	Dividend.	Public.	Guarantee.
1793	8 per cent.	£.	£.	10 per Cent.	£.500,000	£.107,241
1794	8	—	—	10	—	147,241
1795	8	—	—	10	—	187,241
1796	8	—	—	10	—	227,241
1797	8	—	—	10	—	267,241
1798	8	—	—	10	—	307,241
1799	9	1,215,000	355,000	10	—	347,241
1800	10	1,215,000	305,000	10	—	387,241
1801	11	1,215,000	255,000	11	—	427,241
1802	12	1,215,000	205,000	12½	—	467,241
1803	12½	1,215,000	180,000	12½	—	507,241
10 years to March						
1814	12½	—	12,150,000	12½	—	5,000,000
		£. 18,225,000	3,100,000		£. 10,500,000	12,452,061

In six years £.1,240,000 at 5 per cent. would amount to upwards of £.8,400,000, the application of such a sum would of course place the affairs of the Company in a situation for the participation to commence. As the debts in India bear 8 per cent. and upwards, the appropriation of a sum of £.8,00,000 might produce a saving of £.460,000 per annum at least, and this, added to the present surplus of £.124,000, gives £.1,700,000 of which the Public would be to participate three-fourths, and the Company one-fourth;

In 1801 the annual Guarantee Fund is estimated at £.487,241, and the Indian debt being reduced one-sixth of this is applicable to the increase of dividend, and £.80,000 on £.6,000,000, would be £.1⅓ per cent. In 1802 the Guarantee encreases to £.987,000, one-sixth is £.164,000, or more than £.2½ per cent. on the capital, which, added to 10, gives £.12½ per cent.

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fourth; but in order to allow for contingencies, the total in this computation is taken at £1,600,000 which is the estimated cost of the work, and after deducting the cost of the land, the net cost is £1,400,000.

APPENDIX

RESPECTING THE

NEGOTIATION

FOR A RENEWAL OF THE

East-India Company's Exclusive Trade

Copied from the Report of the Select Committee of the House of Commons on the Report of the Commissioners of the East-India Company, in 1813, relative to the Renewal of the Company's Charter.

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